Student finance

Loans, repayments and the choices after school

Answers and teaching notes

For the teacher

- **Aim:** Pupils understand how student loans in England are borrowed and repaid, calculate repayments from salary, and weigh up university against an apprenticeship without being put off by myths.
- **Curriculum links:** Financial Education Planning Framework, ages 14 to 16: understanding the important role money plays in our lives (qualifications, careers and earnings), looking ahead to the 16 to 19 outcomes on student loans and post-school pathways. Maths: percentages and multi-step problems. PSHE: economic wellbeing and careers. Citizenship: financial products and public money.
- **Watch first:** the Penny Explains video "Student loans explained" at pennyexplains.com.
- **Starter:** Ask pupils to guess the monthly repayment for a graduate earning £30,000. Write the guesses up and come back to them after activity 2 (it is £37.50).
- **Support:** Model the £27,000 row of activity 2 on the board: subtract £25,000, find 9% (multiply by 0.09), then divide by 12.
- **Stretch:** From April 2027 the Plan 5 threshold rises to £26,025. Rework the £30,000 and £40,000 rows. (Repayments fall to £357.75 and £1,257.75 a year.)
- **Note:** figures are for students from England on Plan 5 in 2026 to 2027. Wales, Scotland and Northern Ireland differ. Interest is added to the loan, but it never changes the monthly repayment.
- **Total:** 50 points. Suggested answers are shown in red; accept any answer that is well reasoned.

I can...

- [ ] I can explain the tuition fee loan and the maintenance loan.
- [ ] I can calculate Plan 5 student loan repayments for different salaries.
- [ ] I can compare university with an apprenticeship and challenge common myths.

Key words

Tuition fee loan: pays the university's fees (up to £9,790 a year).

Maintenance loan: helps with living costs such as rent and food.

Threshold: the salary you must earn above before you repay anything (£25,000 on Plan 5).

Written off: cancelled, so nothing more is owed.

Apprenticeship: a paid job with training that leads to a qualification.

1 Myth or fact?

6 points

Twins Maya and Theo are in Year 11 and thinking ahead. They have heard all of these. Circle True or False.

You have to pay your tuition fees up front, before the course starts. **A tuition fee loan can pay the fees. You repay later, out of your earnings.**	True	False
A Plan 5 graduate earning £24,000 a year makes no repayments.	True	False
The more you borrowed, the bigger your monthly repayment. **Repayments depend only on earnings: 9% of what you earn above £25,000.**	True	False

Any Plan 5 loan still unpaid after 40 years is written off.	True	False
If your pay drops below the threshold, your repayments stop.	True	False
Apprentices have to pay for their own training. **The employer and the government pay for the training, and the apprentice earns a wage.**	True	False

2 How much would they repay?

15 points

Plan 5 graduates repay **9% of what they earn above £25,000** a year. It comes straight out of their pay, like tax. Fill in the gaps. The first row is done for you.



Penny says: A student loan does not behave like a bank loan. What you repay depends on what you earn, not on what you owe.

Salary	Earnings above £25,000	Repaid in a year (9%)	Repaid in a month (÷ 12)
£24,000	£0	£0	£0
£27,000	**£2,000**	**£180**	**£15**
£30,000	£5,000	**£450**	**£37.50**
£40,000	**£15,000**	**£1,350**	**£112.50**
£55,000	**£30,000**	**£2,700**	**£225**

a) Maya might owe £50,000. A friend owes £30,000. If both earn £30,000 a year, who repays more each month? Explain. 2 marks

> **Neither. They both repay £37.50 a month, because repayments depend on earnings, not on the amount owed.**

b) Imagine a graduate earned exactly £30,000 for all 40 years. How much would they repay in total before the rest was written off? 2 marks

> **£18,000 (£450 × 40).**

3 Maya's loan

4 points

Maya plans a 3-year degree, living away from home.

a) Her tuition fee loan is £9,790 a year. How much is that over 3 years, if the fee stays the same?

Working

3 × £9,790 = £29,370

Answer: **£29,370**

b) She also takes a maintenance loan of £8,400 a year. What is her total borrowing over the 3 years, before interest?

Working

3 × £8,400 = £25,200
£29,370 + £25,200 = £54,570

Answer: **£54,570**

4 Uni scramble

5 points

The letters are mixed up. Use the clue to work out each word.

U O I T N T I	The ___ fee loan pays for the course	T U I T I O N
G A U A D R T E	Someone who has finished a degree	G R A D U A T E
E R T H O L H S D	Earn above this before you repay	T H R E S H O L D
S A Y A R L	Pay for a year's work	S A L A R Y
R E E E G D	What you earn at university	D E G R E E

5 University, apprenticeship or both?

9 points

Write each one in the right box.

- Most of the week is spent at work
- Employer and government pay for training
- You earn a wage while you train
- Takes several years of commitment
- Maintenance loan for living costs
- Can lead to a well-paid career
- Tuition fee loan available
- Leads to a recognised qualification
- Repay 9% of earnings over £25,000

University

- Tuition fee loan available
- Maintenance loan for living costs
- Repay 9% of earnings over £25,000

Apprenticeship

- You earn a wage while you train
- Employer and government pay for training
- Most of the week is spent at work

Both

- Leads to a recognised qualification
- Can lead to a well-paid career
- Takes several years of commitment

6 Maya or Theo: what would you do?

8 points

Read the story, then answer the questions.



At 18, Theo starts an apprenticeship. In year one he is paid the apprentice minimum wage of **£8.00 an hour** for **35 hours a week**. Maya goes to university and works **8 hours a week** in a café at **£10.85 an hour** during the **30 weeks** of term.

a) How much does Theo earn in a week, and in a 52-week year? 2 marks

£280 a week (35 × £8.00) and £14,560 a year (£280 × 52).

b) How much does Maya earn from her café job over the 30 weeks? 2 marks

£2,604. 8 × £10.85 = £86.80 a week, and £86.80 × 30 = £2,604.

c) **Which route would you choose at 18, and why? Give one reason that is about money and one that is not.** 4 marks

> No single right answer. Money reasons: Theo earns from day one with no loan; Maya borrows but repays only 9% above £25,000, and some careers need a degree. Other reasons: a subject you love, independence, real work experience, the career you want. Reward two clear reasons.

7 Bust a myth

3 points

Design a social media post for Year 11s that busts **one** student finance myth. Include a headline, the myth, the fact and one accurate number.

> Look for: a clear headline; one myth stated and corrected; an accurate figure (for example the £25,000 threshold, 9%, £9,790 fees or 40 years); a design that would make a Year 11 stop scrolling.

8 Before you go

One thing I learned today	One question I still have	How sure do I feel?
		Not yet · Getting there · Got it

Take it home

Ask an adult who went to university or did an apprenticeship what they would tell their 16-year-old self. Then try the student finance calculator on GOV.UK together.

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